

GRASSROOTS

First Nation Business in Alberta

Special Alberta Business Awards of Distinction edition

Winter 2006

SAMSON OIL AND GAS INC. — INVESTING IN THE FUTURE

Samson Oil and Gas Inc. was incorporated in 1990 as a private holding company for petroleum and natural gas assets earned by the Samson Cree Nation in central Alberta. The Nation is the sole owner and equity contributor of the company.

In 1996, the Nation leased the on-reserve subsurface petroleum and natural gas rights to Velvet Exploration Ltd. As part of the lease agreement, Samson Oil and Gas Inc. continued as a working partner, exploring for oil and gas deposits on its reserve lands.

In 2003, Samson Oil and Gas Inc. entered into a partnership with Western Lakota Energy Services Inc., purchasing a 50 per cent ownership in three oil and gas drilling rigs. The partnership is also supported through "best efforts" at guaranteed working days with several energy and production companies.

Cumulative revenue from operations for each of the rigs over the past five years is estimated to be nearly \$15 million (approximately



Samson Energy Services' employees
Denise Lodge and Marie Yemowood

\$4.5 million for the three rigs), with net earnings of about \$2.4 million during the same period.

The rig partnership provides up to 16 full-time

Continued on page 4

RECOGNIZING ABORIGINAL BUSINESS IN ALBERTA

To honour First Nation contribution to the economy, Indian and Northern Affairs Canada (INAC) in Alberta and the Alberta Chambers of Commerce created two Alberta Business Awards of Distinction five years ago. One of the awards, the *Eagle Feather Business Award of Distinction*, recognizes a successful First Nation-owned business. The 2006 finalists are:

- Samson Oil and Gas Inc.
- Pimic Well Servicing Ltd.
- Goodfish Lake Development Corporation

The second award, the *INAC/Aboriginal Workforce Participation Initiative Best Practice Award of Distinction*, recognizes "mainstream" businesses in Alberta that partner with Aboriginal

communities. The 2006 finalists are:

- Suncor Energy Inc.
- Syncrude Canada Ltd.
- Devon Canada Corporation

The Alberta Business Awards of Distinction are the most prestigious business awards presented in Alberta each year. Recognizing excellence in the province's business community, the awards are presented at a gala banquet featuring all the glamour and glitz of the Academy Awards.

Aboriginal business has an important role to play in the lifeblood of Alberta's economy. We honour those businesses in this special edition.

IN THIS ISSUE:

- ✓ In Cree, "Pimic" means oil (page 2)
- ✓ Expanding alongside Alberta's off-road development (page 3)
- ✓ Samson Oil and Gas Inc. — Investing in the future (continued on page 4)
- ✓ Collaboration sets foundation for better plans, decisions and outcomes at Suncor Energy Inc. (page 5)
- ✓ Syncrude Canada Ltd. and Aboriginal people forge a win-win partnership (page 6)
- ✓ Devon Canada Corporation — Dedicated to Aboriginal people (page 7)
- ✓ INAC's Economic Development Program (page 8)



Indian and Northern
Affairs Canada

Affaires indiennes
et du Nord Canada

IN CREE, "PIMEE" MEANS OIL



PIMEE
WELL SERVICING LTD.

Pimee Well Servicing Ltd. has been in the oilfield service business for 21 years. Since its inception in 1984, operating with one service rig, the company now boasts seven rigs and associated equipment.

The company has expanded its operations and also owns and operates Tarsands Steam Cleaning Ltd., as well as a joint venture with Cold Lake First Nations called Seven Lakes Oilfield Services Corporation. Pimee's head office is located at Kehewin Cree Nation in east central Alberta and holds many service contracts, mainly in the Cold Lake area.

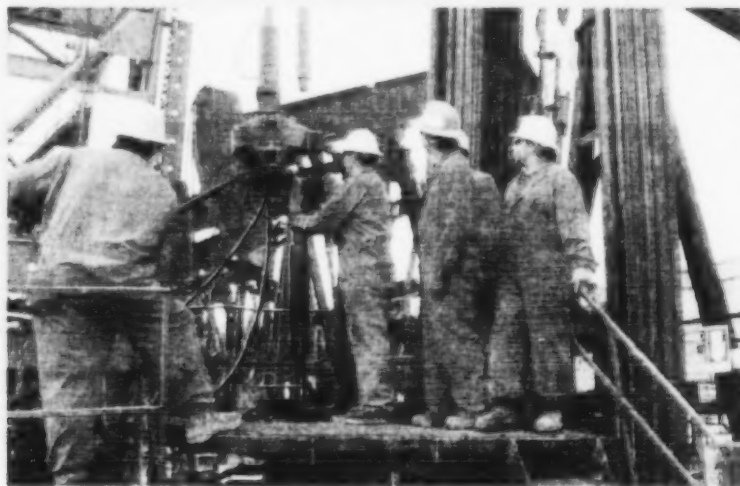
Pimee is owned by six Treaty 6 First Nations – Kehewin, Saddle Lake, Heart Lake, Frog Lake, Goodfish Lake and Beaver Lake – and employs approximately 75 First Nation members, including Tarsands Steam Cleaning and Seven Lakes employees.

"Over the years we have learned the value of good business practices, extensive training programs and safe work procedures," said Tim Schultz, the company's business manager.

"Because of this, Pimee Well Servicing continues to win safety awards from Imperial Oil, the Canadian Association of Oilwell Drilling Contractors and other oil and gas-related associations."

The business is very dynamic and, in the last three years alone, has doubled in size in manpower and equipment, increased its revenues by more than 90 per cent, added three new rigs and associated equipment, increased assets by \$3.5 million and formed the 50 per cent partnership with Cold Lake First Nations.

The company now offers the oil patch gas and oil well drilling servicing, fluid shot/well diagnostics, power wash/steam cleaning services, polyurethane spray foam services (including sandblasting and vessel coating), general oil and gas maintenance, labour services, scaffold materials and crews,



Pimee employees at work on a drilling rig

waste collection and a recycling program.

"Seven Lakes has secured a 10-year contract with Imperial Oil Resources to provide waste collection, scaffolding and general oilfield maintenance," said Schultz.

He credits a large portion of the company's success to the incorporation of cultural beliefs and values into the workplace, with strong community and employee support whenever needed.

"We assist in maintaining economic stability for both towns and band-owned businesses by purchasing our goods and services locally, maintain and preserve our cultural identity by sponsoring community cultural events, assist and participate in youth programs and instil a sense of ownership and pride to the First Nations communities, leadership and our employees," said Schultz.

More than \$4 million is diverted back to the First Nations each year from employment income and through assisting and supporting economic spin-off opportunities for other band businesses and First Nations.

"We are very proud to provide long-term employment to help ensure our members become self-sufficient. We have a number of employees with more than 10 years of service," said Schultz.

"Our company is perceived as First Nation-owned by its logo and its name. In the Cree language, Pimee means oil."

EXPANDING ALONGSIDE ALBERTA'S OILSANDS DEVELOPMENT

The Goodfish Lake Development Corporation, owned and operated by Whitefish (Goodfish) Lake First Nation #128 in east central Alberta, began operation in 1978. At that time, the First Nation wanted to establish a laundry and dry cleaning plant that would employ people of the Goodfish Lake band. Only faintly did the founders dream that it would become the largest volume dry cleaner in Canada.



Goodfish Lake signs land tenure documents for new dry cleaning and laundry plant.

The company learned early that there was a huge demand for industrial workwear in the rapidly growing Alberta oil sands industry. With a customer base that included major developers like Syncrude Canada Ltd., Suncor Energy Inc. and Esso Resources Ltd., the corporation was well on its way.

Now, span ahead almost 20 years. The Goodfish Lake Development Corporation is making the most of Alberta's burgeoning oil sands development.

On October 27, 2005 members of the First Nation, industry, municipal, provincial and federal representatives gathered for the resoundingly successful grand opening of the First Nation's gleaming, new 17,000-square foot, \$5.4 million dry cleaning and laundry plant.

The new facility expands the Goodfish Lake Development Corporation's dry cleaning and laundry division to handle an increase in demand from oil sands development in the Fort McMurray area.

Indian and Northern Affairs Canada contributed \$1 million to assist in the expansion.

The corporation has also embarked on its core certification in health and safety, going a long way in ensuring a safe and healthy workplace. It is also committed to developing its Environmental Management System (EMS) to ensure environmentally sound and best practices. It intends to have the EMS well on the road to International Standards Organization (ISO) 14001 certification early in 2006, making it the first ISO 14001 certified dry cleaner in Canada and among one of the only First Nation businesses with an EMS in operation.

The dry cleaning and laundry division is one of three operated by the corporation. It also has a sewing and garment division and a retail outlet in Fort McMurray called Protective Clothing Supplies Ltd., which plans to relocate in the near future to a new building closer to its customers.

The three divisions of Goodfish Lake Development Corporation employ 100 people, 90 per cent of which are from the Goodfish Lake Band, and the majority are women. The corporation does business with companies in Alberta, other parts of Canada, the U.S., Korea, China and Europe.

Whitefish (Goodfish) Lake First Nation #128, located in Treaty 6, has a population of 2,500.

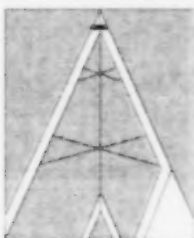


Ribbon cutting ceremony during grand opening of new drycleaning and laundry plant.



GRASSROOTS

First Nation Business in Alberta



Continued from page 1

jobs for Samson Cree Nation members. Drilling field training and skills for members is also an important part of this business venture.

"Since its inception, Samson Oil and Gas Inc. has been economically self-sufficient and has invested wisely, creating a continuous revenue stream and employment for First Nation members," said Samson Cree Nation Chief Victor Buffalo, who is also the director of the company's Board of Directors.

"Our business represents not only an investment and employment model, but also provides the potential for greater self-sufficiency for our Nation, business owners and members."

"In order to increase community and individual self-reliance, Samson Oil and Gas Inc. has also forged strong relationships with other First Nations and non-Aboriginal partners and made several strategic investments to help us reach our objectives," said Brian Cardinal, President of Samson Oil and Gas Inc.

While employment of band members has remained the company's main objective, a recent sale of shares in the drilling rigs resulted in a significant return on investment for the company. In turn, Samson Oil and Gas Inc. is now examining investing some of the proceeds of the share sale to establish a new drilling company, oriented to shallower drilling, that will generate monthly income and direct ownership by the Nation.

Through prudent expansion, Samson Oil and Gas Inc. created a subsidiary, Samson Energy Services (SES). SES now owns three water trucks that are expected to benefit the community over the next three years through securing support service contracts in the oil patch.

Samson Oil and Gas Inc. is continuing to seek partnerships that will ensure its ongoing expansion in the oil and gas sector as well as provide support for numerous local community events.

"This is one of the reasons Samson Oil and Gas Inc. has been so successful," said Chief Buffalo.



Brian Cardinal, President of Samson Oil and Gas Inc.

COLLABORATION SETS FOUNDATION FOR BETTER PLANS, DECISIONS AND OUTCOMES AT SUNCOR ENERGY INC.

As pioneers in developing the Athabasca oil sands, Suncor Energy Inc. has benefited immensely from collaboration with its Aboriginal neighbours.

"We know that by tapping into the regional skills and expertise of Aboriginal communities, we are making progress together on a number of shared economic, social and environmental goals," said Sue Lee, Senior Vice President, Human Resources and Communications.

"Suncor is committed to a course of responsible development, one that addresses the effects of industry on traditional lands, resources and communities."

In 1977, to demonstrate that commitment, Suncor became one of the first energy companies to develop an Aboriginal affairs policy, which recognized the unique position of Aboriginal people as the original inhabitants of the land on which Suncor operates.

The policy led to some specific initiatives aimed at benefiting both Suncor and the Aboriginal communities in which Suncor operates. For example, economic development initiatives resulted in the creation of business opportunities for Aboriginal entrepreneurs and purchase agreements with Suncor. Suncor benefits from the proximity and local knowledge of suppliers, while Aboriginal businesses and communities share in the financial rewards of resource development. Recent examples include business partnerships with Aboriginal-owned businesses such as Chip Manufacturing and Mikisew Slings and Safety Ltd.

Other initiatives at Suncor include hiring from neighbouring Aboriginal communities, increasing the Aboriginal summer and co-op student workforce employed at Suncor and employing a full-time diversity recruitment specialist for the company.



Kelsey Janvier, one of Suncor's journeyman carpenters

"We are investing in the next generation of Aboriginal employees," said Lee.

"Through scholarships, work placement and training programs we



Folken Villenuri (right), a treatment room nurse at Suncor, reads with a student from Fort McKay School. She is part of a literacy program between Suncor and the school called Fort McKay Readers.

are able to deliver these initiatives in partnership with local communities, schools and local governments to help create new opportunities."

Suncor's community support projects are in the form of time and energy (volunteering in Aboriginal communities to assist in reading development programs or to build a playground) as well as dollars and cents (providing financial support for the National Aboriginal Achievement Foundation, the Wood Buffalo Arctic Winter Games and the Chip Child Development Centre).

But Suncor's commitment doesn't stop there. In late 2005, its Aboriginal policy was reviewed and updated to ensure the company's efforts kept pace with the changing expectations of Aboriginal stakeholders.

"Relationships are always evolving and we want to make sure that the foundation is solid so we can build upon it for the future," said Lee.

"That leads to better plans, better decisions and better outcomes for everyone."

SUNCOR
ENERGY

SYNCRUDE CANADA LTD. AND ABORIGINAL PEOPLE FORGE A WIN-WIN PARTNERSHIP

Producing more than one billion barrels of oil since 1978, Syncrude Canada Ltd. has established itself as the world's largest producer of crude oil from oil sands and Canada's single largest source of crude oil.

Syncrude is also one of the single largest industrial employers of Aboriginal people in the country, with nearly 1,000 Aboriginal people working either directly or indirectly through contractors. It conducted more than \$107 million in business with Aboriginal-owned companies in 2004, making it one of the largest customers of Aboriginal suppliers in the world.

The company sees a strong link between its sustainability and its strong partnerships with Aboriginal employees and contractors. Even before Syncrude had produced its first barrel of Syncrude Sweet Blend in 1978, its leadership made the conscious decision to work with Aboriginal people, both for moral and practical reasons.

"We saw working with Aboriginal people as the right thing to do," said Jim Carter, President and Chief Operating Officer of Syncrude Canada Ltd.

"But we also saw it as a smart thing to do."

The Athabasca oil sands are the richest source of petroleum energy in North America, with up to 2.5 trillion barrels of oil in place and 175 billion barrels recoverable with today's technology. The massive bed of oil sands, however, sits underneath a boreal forest in the rolling muskeg of northeastern Alberta. The harsh climate and geographic isolation of Fort McMurray – about 440 kilometres northeast of Edmonton – created potential hurdles for recruiting skilled workers to the region. Because of this, Syncrude saw the importance of hiring and training local residents, including Aboriginal people.



Over 300 wood bison call Syncrude home.

"We felt that the oil sands were a local resource that should benefit everybody, including the many First Nations and Metis in the region,"



Syncrude's Aboriginal development team.

said Charles Rungrok, Chief Executive Officer for Syncrude Canada Ltd.

In addition to providing a steady supply of skilled labour, the region's Aboriginal communities also contribute traditional knowledge and help in areas such as environmental protection and land reclamation.

Through a partnership with the Fort McKay First Nation, Syncrude has re-established a herd of 300 wood bison in the region on reclaimed land that once served as part of its open-pit mine. While proud of its past relationship with Aboriginal communities, it will not rest on its laurels as it prepares to increase its production toward 130 million barrels annually following its \$8 billion fluid cooker and ancillary equipment (UE-1) expansion. The project recently hired a consultant, who interviewed 24 Aboriginal stakeholders, to assess Syncrude in 15 areas.

"There is much that Syncrude and Aboriginal communities can build on together," said Rungrok.

"Many Aboriginal people have rewarding career and business opportunities with Syncrude. Aboriginal educational outcomes are improving. There is strong evidence of enhanced community sustainability and improved management of environmental effects. Syncrude and its Aboriginal partners should be proud of these significant achievements and our win-win relationship."

Syncrude
Securing Canada's Energy Future

DEVON CANADA CORPORATION – DEDICATED TO ABORIGINAL PEOPLE

Over the past six years, Devon Canada Corporation (the Canadian operating subsidiary of Devon Energy Corporation of Oklahoma City) has developed a comprehensive Aboriginal relations program, led by a dedicated department.

The Aboriginal relations department develops and maintains relationships with Aboriginal communities affected by the company's activities. In addition, the department carries out Devon's Aboriginal relations policy and offers internal Aboriginal awareness training programs.

"Communication, community investment, training, and business and employment opportunities all play a vital role in our approach to Aboriginal relations," said Devon Canada President Chris Seasons.

"An example of this integrated approach would be our Jackfish Project, a thermal heavy oil development south of Fort McMurray."

Located 130 kilometres north of Lac La Biche, this "steam-assisted gravity drainage heavy oil recovery project" is close to the hamlets of Conklin and Janvier, and the Chipewyan Prairie First Nation.

"Through extensive consultation, including newsletters, open houses and workshops, an environmental impact assessment and a traditional resource use study, we were able to gain knowledge that allowed us to structure our development in a manner which respects the

local area, people and values," said Seasons.

Throughout the project's planning, Devon recognized both the need to ensure local people could be employed at the Jackfish site and the importance of mentoring the area's youth to prepare them for future opportunities. Devon sponsors programs such as the Northern Alberta Institute of Technology's (NAIT) Trades

in Motion in order to meet some of the community's education needs and ensure that jobs are filled locally.

Devon's approach to Aboriginal relations takes the company's community relations program and enhances it to fit the unique needs of each community. The foundation of open, honest and early communication provides a solid platform on which company personnel can build strong, meaningful and mutually beneficial relationships. The success of the program is reflected in the open relationships

between Devon personnel and stakeholders, the impact of various community investment initiatives, the business and employment partnerships that have developed and the company's ability to continually do business within Aboriginal communities.

Devon Canada Corporation's portfolio of oil and gas properties provides stable, environmentally-responsible production and a strong platform for future growth. Devon Canada's production is approximately 102,000 barrels of oil a day equivalent – about one-third of total company production. The company employs approximately 1,400 people in its Canadian operations.

devon



NAIT's (Northern Alberta Institute of Technology) Trades in Motion graduating class



Blessing ceremony from Devon's Jackfish Project

INAC'S ECONOMIC DEVELOPMENT PROGRAM

What changes have taken place in INAC's economic development programs?

In 2004/05, INAC's economic development programs and underlying authorities were reviewed. Along with the announcements made in the second phase of the Government of Canada's expenditure review, there have been a number of other changes within INAC's economic development program over the past year.

In response to suggestions from stakeholders and the Auditor General of Canada to simplify programs and make them more flexible, new economic development programs were introduced, effective April 1, 2005. In addition, program guidelines were expanded to include a broader range of activities that could be supported.

INAC has shifted its focus to programming areas which create the enabling environment that will allow First Nation and Inuit communities to seize and sustain economic and employment opportunities through strategic investments in economic infrastructure, capacity-building and development of land and natural resources at the community level.

What are INAC's community economic development programs?

- **Community Economic Development Program** – continues to provide core financial support to First Nation communities for a wide range of services in economic development including community economic development planning and capacity development, development of proposals and leveraging financial resources.

- **NEW Community Economic Opportunities Program** – provides project-based support to address human resources development planning and employment activities, development of community-owned and community member businesses, development of land and resources under community control, access to opportunities from off-reserve lands and resources, promotion of investment in the community, research and advocacy, and advisory services to community members in relation to economic opportunities.

What is the purpose of INAC's economic development programs?

Economic development is about building the cornerstone of strong, healthy and vibrant First Nation and Inuit communities. INAC is working with First Nations and Inuit to pursue opportunities for long-term economic benefits which respect locally-driven, culturally-appropriate solutions.

What organizations are eligible for INAC's economic development programs?

They are available to First Nation and Inuit communities, or organizations they mandate or designate.

Who can I contact if I have questions?

Please contact Gordon Sawatzky, acting manager of the community economic development unit at the INAC Alberta office in Edmonton. He can be reached at 780-495-2058.

Please address all letters, comments and requests to:

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